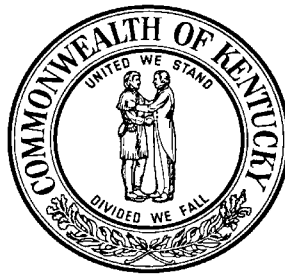


**REPORT OF THE AUDIT OF THE  
METCALFE COUNTY  
SHERIFF'S SETTLEMENT - 2001 TAXES**

**May 16, 2002**



**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**  
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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Don Butler, II, Metcalfe County Judge/Executive  
Honorable Rondal Shirley, Metcalfe County Sheriff  
Members of the Metcalfe County Fiscal Court

The enclosed report prepared by Carpenter, Mountjoy & Bressler, PSC, Certified Public Accountants, presents the Metcalfe County Sheriff's Settlement - 2001 Taxes.

We engaged Carpenter, Mountjoy & Bressler, PSC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Carpenter, Mountjoy & Bressler, PSC, evaluated the Metcalfe County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Enclosure





**CARPENTER, MOUNTJOY & BRESSLER, P.S.C.**  
**AUDIT EXAMINATION OF THE**  
**METCALFE COUNTY**  
**SHERIFF'S SETTLEMENT - 2001 TAXES**

**May 16, 2002**



**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**METCALFE COUNTY**  
**SHERIFF'S SETTLEMENT - 2001 TAXES**

**May 16, 2002**

Carpenter, Mountjoy & Bressler, PSC has completed the audit of the Sheriff's Settlement - 2001 Taxes for Metcalfe County Sheriff as of May 16, 2002. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The Sheriff collected taxes of \$1,796,509 for the districts for 2001 taxes. The Sheriff distributed taxes of \$1,718,624 to the districts for 2001 Taxes. Refunds of \$207 are due to the Sheriff from the taxing districts and \$2 is owed to the soil conservation district.

**Deposits:**

The Sheriff's deposits were fully insured or collateralized.





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# *Carpenter, Mountjoy & Bressler*

*Certified Public Accountants and Consultants*

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Don Butler, II, Metcalfe County Judge/Executive

Honorable Rondal Shirley, Metcalfe County Sheriff

Members of the Metcalfe County Fiscal Court

## Independent Auditor's Report

We have audited the Metcalfe County Sheriff's Settlement - 2001 Taxes as of May 16, 2002. This tax settlement is the responsibility of the Metcalfe County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

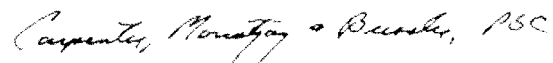
As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Metcalfe County Sheriff's taxes charged, credited, and paid as of May 16, 2002, in conformity with the modified cash basis of accounting.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Don Butler, II, Metcalfe County Judge/Executive  
Honorable Rondal Shirley, Metcalfe County Sheriff  
Members of the Metcalfe County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 2002, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carpenter, Mountjoy & Bressler, PSC".

Carpenter, Mountjoy & Bressler, PSC  
Frankfort, Kentucky

Audit fieldwork completed -  
August 14, 2002

METCALFE COUNTY  
 RONDAL SHIRLEY, SHERIFF  
SHERIFF'S SETTLEMENT - 2001 TAXES

May 16, 2002

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 127,852	\$ 286,146	\$ 748,850	\$ 275,999
Tangible Personal Property	11,611	25,324	57,530	114,199
Intangible Personal Property				8,453
Fire Protection	1,526			
Increased Through Erroneous Tax Assessments				4,873
Franchise Corporation Taxes	25,650	52,447	130,025	
Additional Billings	8	18	48	18
Oil and Gas Property Taxes	107	239	626	231
Penalties	1,673	3,623	9,343	5,831
Adjusted to Sheriff's Receipt	20	6	(9)	(15)
Gross Chargeable to Sheriff	<u>\$ 168,447</u>	<u>\$ 367,803</u>	<u>\$ 946,413</u>	<u>\$ 409,589</u>
<u>Credits</u>				
Exonerations	\$ 2,706	\$ 5,574	\$ 13,845	\$ 14,481
Discounts	1,637	3,590	9,262	4,673
Delinquents:				
Real Estate	3,294	7,328	19,178	7,068
Tangible Personal Property	229	462	1,121	1,277
Uncollected Franchise Taxes	4	4	10	
Total Credits	<u>\$ 7,870</u>	<u>\$ 16,958</u>	<u>\$ 43,416</u>	<u>\$ 27,499</u>
Net Tax Yield	\$ 160,577	\$ 350,845	\$ 902,997	\$ 382,090
Less: Commissions *	7,112	14,542	36,120	16,526
Net Taxes Due	\$ 153,465	\$ 336,303	\$ 866,877	\$ 365,564
Taxes Paid	153,077	335,594	864,991	364,962
Refunds (Current and Prior Year)	392	742	1,955	701
Due District or (Refunds Due Sheriff) as of Completion of Fieldwork	<u>\$ (4)</u>	<u>\$ (33)</u>	<u>\$ (69)</u>	<u>\$ (99)</u>

\*\*

METCALFE COUNTY  
RONDAL SHIRLEY, SHERIFF  
SHERIFF'S SETTLEMENT - 2001 TAXES  
May 16, 2002  
(Continued)

\* Commissions:

10% on	\$	10,000
4.25% on	\$	735,951
4% on	\$	1,050,558

\*\* Special Taxing Districts:

Library District	\$	(1)
Extension District		(1)
Soil Conservation District		2
Ambulance District		<u>(33)</u>
Due District or (Refunds Due Sheriff)	\$	<u><u>(33)</u></u>

The accompanying notes are an integral part of the financial statement.

METCALFE COUNTY  
NOTES TO FINANCIAL STATEMENT

May 16, 2002

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of May 16, 2002 the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

METCALFE COUNTY  
NOTES TO FINANCIAL STATEMENT  
May 16, 2002  
(Continued)

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2001. Property taxes were billed to finance governmental services for the year ended June 30, 2002. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 25, 2002 through April 29, 2002.

Note 4. Interest Income

The Metcalfe County Sheriff earned \$1,879 as interest income on 2001 taxes. As of August 14, 2002, the Sheriff is due a refund of \$236 in interest from the school district and \$81 in interest from his fee account.

Note 5. Sheriff's 10% Add-On Fee

The Metcalfe County Sheriff collected \$15,177 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office.

Note 7. Advertising Costs And Fees

The Metcalfe County Sheriff collected \$603 of advertising costs and \$1,595 of advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the county as required by statute, and the advertising fees will be used to operate the Sheriff's office.



REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



# *Carpenter, Mountjoy & Bressler*

*Certified Public Accountants and Consultants*

To the People of Kentucky

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Dana Mayton, Secretary, Revenue Cabinet

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Honorable Rondal Shirley, Metcalfe County Sheriff

Members of the Metcalfe County Fiscal Court

## Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statement Performed In Accordance With Government Auditing Standards

We have audited the Metcalfe County Sheriff's Settlement - 2001 Taxes as of May 16, 2002, and have issued our report thereon dated August 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Metcalfe County Sheriff's Settlement - 2001 Taxes as of May 16, 2002 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

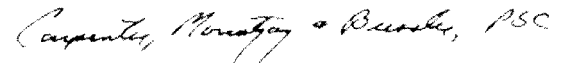
### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Metcalfe County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carpenter, Mountjoy & Bressler, PSC".

Carpenter, Mountjoy & Bressler, PSC  
Frankfort, Kentucky

Audit fieldwork completed -  
August 14, 2002

